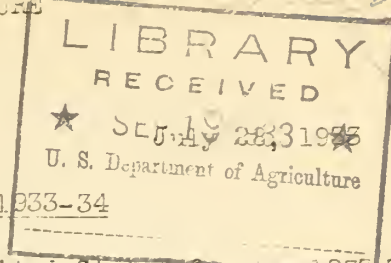


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Prospects for Flue-cured Tobacco for 1933-34

The total supply of flue-cured tobacco in the United States for the 1933-34 season is estimated to be about 1,161,000,000 pounds. This is around 4 percent larger than the 1932-33 supply, but is about 18 percent smaller than the 1927-28 to 1931-32, 5-year average supply. Domestic consumption apparently showed a further small decline during the past year, and exports declined to the lowest point in the last 8 years. Consumption in foreign countries, however, is estimated to have exceeded imports, and foreign stocks were reduced accordingly. Thus, the total world supply (including the 1933 crop) of United States flue-cured tobacco is estimated to be slightly smaller than a year ago.

The July 1 estimate of the 1933 production is 591,000,000 pounds, which is approximately 58 percent above the small 1932 crop, when production was so greatly curtailed because of the loss of plants and poor growing conditions, but it is smaller than any other crop since 1926. In most districts quality is reported to be average or above, and it appears to be a considerably better crop than that of either of the past 2 years. July 1 stocks of old tobacco held by dealers and manufacturers in the United States were estimated at about 570,000,000 pounds and stocks in foreign countries were estimated at about 475,000,000 making a total world stock or carry-over on that date of around 1,045,000,000 pounds. This represents a reduction of some 225,000,000 pounds from the stock of a year earlier, due to the fact that the 1932 crop fell below world consumption by this amount.

For a number of years more than half the total production of flue-cured tobacco has been consumed in foreign countries. Recently, foreign consumption has been declining at a more rapid rate than domestic consumption, due to reduced foreign purchasing power, increasing trade restrictions, and substitutions of foreign-grown leaf. The future effect of these factors cannot be measured but in view of the reduction in foreign stocks it appears possible that export buying for the coming season may show some increase over the low levels of the past 2 years.

Domestic consumption is influenced to a great extent by the rate of activity in industrial centers and the buying power of the general public. During the past 2 months the output of cigarettes has been at a record level, due in part probably to the need for replenishing stocks but in part no doubt to an anticipated increase of consumption. The total cigarette output for the year ended June 30, 1933, according to the Commissioner of Internal Revenue, was 109.4 billion cigarettes or 3 percent larger than for 1931-32. Manufactured tobacco, which represents the other domestic outlet for flue-cured tobacco, also has shown some increase during the past 2 months. However, the total output for the year ended June 30 was approximately 4 percent less than the total for 1931-32. Thus, in terms of leaf tobacco equivalents, the increase in cigarettes during the past year was hardly sufficient to offset the decrease of manufactured tobacco.

